Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 01402 210019Z
ACTION L-03

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 SOE-02 AID-05 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05 NSAE-00
OMB-01 PM-05 OES-07 SP-02 SS-15 STR-07 TRSE-00
ACDA-12 /112 W
----------066103 210026Z /66
O 210012Z MAR 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 6737

C O N F I D E N T I A L OTTAWA 01402

DEPT. PASS DOE FOR FERC COMMISSIONER SMITH, LES GOLDMAN
AND JOHN ADGER

E.O. 11652: GDS
TAGS: ENRG, CA
SUBJECT: CAPITAL COST OF NORTHERN GAS PIPELINE

REF: A. STATE 69738, B. PLACKE TELECONS WITH FERC
COMMISSIONER SMITH AND BARBIAN (EB/FSE)

1. EMBASSY DISCUSSED MARCH 20 WITH NEB MEMBER GEOFFREY
EDGE U.S. PROPOSED LANGUAGE FOR EXCHANGE OF NOTES ON
ADDENDUM TO ANNEX III OF ALASKA GAS PIPELINE AGREEMENT
AND U.S. INTENT TO RECORD IN SIDE LETTER ITS UNDERSTANDING
ABOUT AMOUNT AND ALLOCATION AMONG ZONES OF MONITORING
COSTS.

2. ON BASIS OF THAT DISCUSSION AND REFERENCED TELECONS,
FOLLOWING ARE REVISED TEXTS:

A) NOTE FROM THE GOVERNMENT OF CANADA:

CHANGE ADDENDUM TO ANNEX III TO DELETE "SHALL BE DEEMED
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 01402 210019Z

TO" FROM FIRST SENTENCE AND INCLUDE IN SECOND SENTENCE
AS FOLLOWS: "THE ANNEX III CAPITAL COSTS SHALL ALSO BE
DEEMED TO INCLUDE AN ALLOWANCE ON AND RECOVERY OF
REGULATORY MONITORING COSTS".

THERE ARE NO OTHER SUGGESTED REVISIONS TO NOTE.

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

B) U.S. NOTE IN REPLY: NO CHANGES.

C) U.S. SIDE LETTER TO EXCHANGE OF NOTES:

"IN CONNECTION WITH THE AGREEMENT CONCLUDED TODAY TO EFFECT A TECHNICAL ADDENDUM TO ANNEX III OF THE AGREEMENT ON PRINCIPLES APPLICABLE TO A NORTHERN NATURAL GAS PIPELINE, I WISH TO EXPRESS TWO UNDERSTANDINGS OF THE U.S. SIDE:

"FIRST, WE UNDERSTAND THAT THE PROVISIONS OF SECTION 11.A) OF THE AGREEMENT APPLY WITH RESPECT TO MONITORING CHARGES, THAT IS, THAT CONSULTATION WOULD TAKE PLACE AT THE REQUEST OF EITHER GOVERNMENT TO CONSIDER THE LEVEL OF SUCH CHARGES;

"SECOND, WE UNDERSTAND THAT SUCH MONITORING CHARGES WOULD, INSOFAR AS POSSIBLE, BE CHARGED PROPORTIONATE TO CAPITAL COSTS IN THE ZONES IN WHICH THEY ARE INCURRED, WITH ANY CHARGES UNATTRIBUTABLE BY ZONE ALLOCATED ON A BASIS ACCEPTABLE TO BOTH GOVERNMENTS.

"THE UNITED STATES WILL INVOKE CONSULTATIONS UNDER SECTION 11.A) OF THE AGREEMENT IF THE MONITORING CHARGES SHOULD SIGNIFICANTLY EXCEED .85 PERCENT (OR APPROXIMATELY DOLS 36 MILLION) OF THE FILED CAPITAL COSTS GIVEN IN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 01402 210019Z

ANNEX III AS AMENDED OR IF SUCH MONITORING CHARGES ARE NOT ALLOCATED AMONG ZONES AS DESCRIBED ABOVE."

3. UPON CONFIRMATION OF AGREEMENT TO REVISED LANGUAGE BY CONCERNED WASHINGTON AGENCIES, EMBASSY WILL REVIEW AGAIN WITH EDGE. ENDERS

CONFIDENTIAL

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COSTS, CONSTRUCTION, PIPELINES, GAS FIELDS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA01402
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780123-0547
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780343/aaaabjtg.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 173661c0-c288-dd11-92da-001cc4696bcc
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 69738
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3255964
Secure: OPEN
Status: NATIVE
Subject: CAPITAL COST OF NORTHERN GAS PIPELINE
TAGS: ENRG, CA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/173661c0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014